

F. Products

Index	Data Reference	Sources, Assumptions, Methodologies
F.1	<ul style="list-style-type: none"> WellPoint's Individual and Small Group Enrollment: Growth in enrollment since IPO 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> WellPoint, internal enrollment data, 2001 Assumptions: <ul style="list-style-type: none"> WellPoint Individual and Small Group enrollment numbers do not include ASO business. Hence, only WellPoint insured businesses are included. Although partial 2001 enrollment data is available (up to September 2001), we did not use them. Enrollment is often seasonal and it is preferable to use full-year 2000 results rather than partial-year 2001 results. Methodologies: <ul style="list-style-type: none"> Growth in HMO enrollment = (2000 HMO membership + 1992 HMO membership) - 1 Growth in PPO enrollment = (2000 PPO membership + 1992 PPO membership) - 1 Combined growth = ((2000 HMO membership + 2000 PPO membership) ÷ (1992 HMO membership + 1992 PPO membership)) - 1 Individual Market: <ul style="list-style-type: none"> Growth in HMO enrollment = 741% Growth in PPO enrollment = 9% <ul style="list-style-type: none"> According to Gartner, "BC of California is the state's largest PPO with more than 2.8 million members." - implying large incremental growth is harder. Moreover, its individual PPO membership is many times larger than its individual HMO membership. Combined growth = 23% Small Group Market: <ul style="list-style-type: none"> Growth in HMO enrollment = 216% Growth in PPO enrollment = 210% Combined growth = 212%
F.2	<ul style="list-style-type: none"> David Colby Quote: On Individual and Small Group Markets in California 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> Accenture, interview with WellPoint executive VP and CFO David Colby, December 2001
F.3	<ul style="list-style-type: none"> David Colby Quote: On Individual and Small Group Markets in Georgia 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> Lehman Brothers, transcript of WellPoint Q2 2001 Earnings Conference Call from Lehman Brothers <i>WellPoint Company Update</i>, August 28, 2001
F.4	<ul style="list-style-type: none"> Leonard Schaeffer Quote: On Individual and Small Group Markets in California 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> Lehman Brothers, transcript of WellPoint Q2 2001 Earnings Conference Call from Lehman Brothers <i>WellPoint Company Update</i>, August 28, 2001
F.5	<ul style="list-style-type: none"> Leonard Schaeffer Quote: On Individual and Small Group Markets in Georgia 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> Blue Cross Blue Shield of Georgia, transcript of Form A Hearing, February 2001
F.6	<ul style="list-style-type: none"> CareFirst's Strong Presence in the Individual and Small Group (ISG) Segments 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> CareFirst, internal enrollment data, 2001 Assumptions: <ul style="list-style-type: none"> CareFirst identifies commercial small group as employers between 1-50 employees. CareFirst identifies the commercial individual market as those people who are less than 65 years of age, and who are not in either a Medicare or Medicaid program. Methodologies: <ul style="list-style-type: none"> CareFirst's market share in ISG (individual and small group) segment = CareFirst's total membership in ISG ÷ total number of members in commercial ISG products in all CareFirst jurisdictions The commercial small group and individual market segments represent 16.4% of CareFirst's total membership as of 9/30/01. BCBS MD and BCBS NCA membership increases for both products is reported in aggregate from 1997-2000.

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		<ul style="list-style-type: none">> The 1997 membership number is subtracted from the 2000 membership number and divided by the 1997 membership number to arrive at a percentage increase.- The merger with BCBS of DE was not completed until 1999, and changes in reporting make it difficult to report data from BCBS prior to 1999. Therefore, BCBS DE membership increases for both products are reported separately, and represent data from 1999-2000.> The 1999 membership number is subtracted from the 2000 membership number and divided by the 1999 membership number to arrive at a percentage increase.

G. Pricing

Index	Data Reference	Sources, Assumptions, Methodologies
G.1	• 2% premium tax	<ul style="list-style-type: none"> • Sources: <ul style="list-style-type: none"> - Maryland General Assembly website (mlis.state.md.us), <i>Insurance Code</i> § 6-103, 2001 - Delaware General Assembly website (www.legis.state.de.us), <i>Insurance Code</i>, § 18-702, § 18-707, 2001
G.2	• Estimated CareFirst premium taxes in Maryland and Delaware	<ul style="list-style-type: none"> • Sources: <ul style="list-style-type: none"> - CareFirst, internal accounting and enrollment data, January 2002
G.3	• David Colby Quote: On Merger Synergy and Individual and Small Group Markets	<ul style="list-style-type: none"> • Sources: <ul style="list-style-type: none"> - Company Boardroom (companyboardroom.com), audio broadcast of WellPoint and CareFirst BlueCross BlueShield Merger Conference Call, November 21, 2001 - Accenture, Interview with WellPoint executive VP and CFO David Colby, November 2001
G.4	• WellPoint quote on premium price in CareFirst jurisdictions	<ul style="list-style-type: none"> • Sources: <ul style="list-style-type: none"> - Accenture, interview with WellPoint executives, December 2001
G.5	• Publicly traded health companies earnings growth projections	<ul style="list-style-type: none"> • Sources: <ul style="list-style-type: none"> - FirstCall, 5-year earnings growth rate for the "Healthcare Providers" industry, January 2002 - Bloomberg, 5-year earnings growth rate for the "MED-HMO" industry, January 2002 • Assumptions: <ul style="list-style-type: none"> - Bloomberg's "MED-HMO" industry group includes a very similar list of companies as FirstCall's "Healthcare Providers". Both include WellPoint's major competitors including: Aetna Inc., Anthem Inc., United Health Group, etc.
G.6	• WellPoint Membership Growth	<ul style="list-style-type: none"> • Sources: <ul style="list-style-type: none"> - InterStudy, <i>The National HMO Financial Database</i>, 1994-2000 (data sourced from state Department of Insurance filings) • Assumptions: <ul style="list-style-type: none"> - Blue Cross of California membership figures include 125,000 members acquired through Omni Health Plan acquisition in 2000
G.7	• Blue Cross of California Administrative Expense Savings	<ul style="list-style-type: none"> • Sources: <ul style="list-style-type: none"> - InterStudy, <i>The National HMO Financial Database</i>, 1994-2000 (data sourced from state Department of Insurance filings) - Bureau of Labor Statistics, Consumer Price Index new releases, 1994-2001 • Methodologies: <ul style="list-style-type: none"> - Administrative Cost Per Member Per Month = Adjusted administrative expense ÷ Member months <ul style="list-style-type: none"> > Adjusted administrative expense = Administrative expense reported from 1995-2000 by Blue Cross of California were adjusted for inflation ≈ Real values were deflated by the percent change in the Consumer Price Index for All Items and within the West Urban Area from the base year of 1994 > Members months = the number of member months reported by Blue Cross of California in the appropriate year

H. Governance

Index	Data Reference	Sources, Assumptions, Methodologies
H.1	<ul style="list-style-type: none"> WellPoint Quote: On Health Care being locally consumed and delivered 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> Lehman Brothers, transcript of WellPoint Q2 2001 Earnings Conference Call from Lehman Brothers <i>WellPoint Company Update</i>, August 28, 2001 (Leonard Schaeffer quoted) Company Boardroom (companyboardroom.com), audio broadcast of WellPoint and RightCHOICE Merger Conference Call, October 18, 2001 (Leonard Schaeffer quoted) Blue Cross Blue Shield of Georgia, transcript of Form A Hearing, February 2001 (Leonard Schaeffer quoted)
H.2	<ul style="list-style-type: none"> Blue Cross Blue Shield of Georgia Management Changes 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> Blue Cross Blue Shield of Georgia, press releases, November 2000 and March 2001 WellPoint, press release, March 2001 Blue Cross Blue Shield of Georgia website, Board of Directors page, 2000 Accenture, interviews with Blue Cross Blue Shield of Georgia executives, November 2001

I. Regulation

Index	Data Reference	Sources, Assumptions, Methodologies
I.1	<ul style="list-style-type: none"> Changes in Washington, D.C. Regulation Over Open Enrollment 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> West Group (dcode.westgroup.com), <i>District of Columbia Official Code §31-3514</i>, 2001 Edition
I.2	<ul style="list-style-type: none"> Changes in Maryland Regulation Over Reserves 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> Maryland General Assembly website (mlis.state.md.us), <i>Insurance Code § 14-117</i>, 2001
I.3	<ul style="list-style-type: none"> Maryland Regulators have seldom called for the distribution of reserves 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> Accenture, interview with CareFirst, December 2001
I.4	<ul style="list-style-type: none"> CareFirst ranks near the middle in terms of its reserve level 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> Accenture, interview with CareFirst based on reviewing BCBSA information, December 2001
I.5	<ul style="list-style-type: none"> CareFirst reserves as % of RBC 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> CareFirst, reserve data, December 2001